

AMENDED IN ASSEMBLY APRIL 6, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2061**

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**Introduced by Assembly Member Carter**

February 18, 2010

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~~An act to amend Section 399 of the Public Utilities Code, relating to energy. An act to add Chapter 5 (commencing with Section 8380) to Division 4.1 of the Public Utilities Code, relating to electricity.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 2061, as amended, Carter. ~~Electric service; investments. Electric distribution; efficiency.~~

*Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities including electrical corporations, as defined. Under existing law, the governing board of a local publicly owned electric utility, as defined, generally has authority over the activities of the utility. Under existing law, various provisions are applicable to both privately owned and publicly owned utilities.*

*Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission) to conduct various assessments and forecasts on energy industry supply, production, transportation, delivery and distribution, demand, and prices.*

*This bill would require the PUC, using existing resources and in consultation with the Energy Commission, the Independent System Operator, electrical transmission and distribution owners, users, and consumers, to the extent feasible, to develop electric transmission and distribution efficiency measures applicable to electrical corporations. The bill would require a local publicly owned electric utility with more than 100,000 customers, to the extent feasible, to develop electric*

*distribution efficiency measures. The bill would require the PUC, by January 1, 2012, to develop a prescribed plan to improve electric distribution efficiency within the service territory of an electrical corporation with more than 100,000 customers, and would impose a similar requirement on each local publicly owned electric utility. By placing requirements upon local publicly owned electric utilities, the bill would impose a state-mandated local program.*

*The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that no reimbursement is required by this act for a specified reason.*

~~The Reliable Electric Service Investments Act declares the intent of the Legislature to reaffirm, without requiring revision, California's doctrine, as reflected in regulatory and judicial decisions, regarding electrical corporations' reasonable opportunity to recover costs and investments associated with their electric distribution grid and the reasonable opportunity to attract capital for investment on reasonable terms. The act makes related legislative declarations.~~

~~This bill would make a technical, nonsubstantive change to these provisions:~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: ~~no~~-yes.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. (a) *It is the intent of the Legislature to improve*
- 2     *the efficiency of electric transmission and distribution in a*
- 3     *cost-effective manner and reduce consumer electricity bills*
- 4     *throughout California.*
- 5     (b) *It is the further intent of the Legislature that new feeder lines*
- 6     *or those undergoing major renovation should incorporate*
- 7     *cost-effective efficiency measures to the extent possible.*
- 8     SEC. 2. *Chapter 5 (commencing with Section 8380) is added*
- 9     *to Division 4.1 of the Public Utilities Code, to read:*

1        *CHAPTER 5. ELECTRIC TRANSMISSION AND DISTRIBUTION*  
2                                *EFFICIENCY*

3  
4        8380. (a) *The commission, using existing resources and in*  
5 *consultation with the Energy Commission, the Independent System*  
6 *Operator, electrical transmission and distribution owners, users,*  
7 *and consumers, to the extent feasible, shall develop electric*  
8 *transmission and distribution efficiency measures, including*  
9 *voltage optimization, applicable to electrical corporations.*

10        (b) *A local publicly owned electric utility with more than*  
11 *100,000 customers, to the extent feasible, shall develop electric*  
12 *distribution efficiency measures.*

13        (c) *The commission may develop and impose a statewide target*  
14 *for distribution efficiency, on an energy (megawatthour) or power*  
15 *(megawatt) basis.*

16        (d) *The commission, by January 1, 2012, shall develop a plan*  
17 *to improve electric distribution efficiency within the service*  
18 *territory of an electrical corporation with more than 100,000*  
19 *customers. Each local publicly owned electric utility with more*  
20 *than 100,000 customers, by January 1, 2012, shall develop a plan*  
21 *to improve electric distribution efficiency within its service*  
22 *territory. The efficiency measures and criteria included in those*  
23 *plans shall do all of the following:*

24            (1) *Reduce consumer payments.*

25            (2) *Lead to discernable improvements in the efficiency of*  
26 *electrical distribution beyond gains from ongoing construction*  
27 *and maintenance.*

28            (3) *Represent the most cost-effective distribution efficiency*  
29 *projects in the electrical corporation's service area,*

30            (4) *Limit maximum voltage drop on the system and maintain or*  
31 *improve power factor, power quality, and reliability of electricity*  
32 *supply.*

33            (5) *Ensure that power is delivered in the lower half of the*  
34 *voltage range of the American National Standards Institute.*

35            (6) *Not replace, reduce, or infringe upon existing end-use energy*  
36 *efficiency incentives, programs, resources, or requirements.*

37        SEC. 3. *No reimbursement is required by this act pursuant to*  
38 *Section 6 of Article XIII B of the California Constitution because*  
39 *a local agency or school district has the authority to levy service*  
40 *charges, fees, or assessments sufficient to pay for the program or*

1 *level of service mandated by this act, within the meaning of Section*  
2 *17556 of the Government Code.*

3 ~~SECTION 1. Section 399 of the Public Utilities Code is~~  
4 ~~amended to read:~~

5 ~~399. (a) This article shall be known, and may be cited, as the~~  
6 ~~Reliable Electric Service Investments Act.~~

7 ~~(b) The Legislature finds and declares that safe, reliable electric~~  
8 ~~service is of utmost importance to the citizens of this state, and its~~  
9 ~~economy.~~

10 ~~(c) The Legislature further finds and declares that in order to~~  
11 ~~ensure that the citizens of this state continue to receive safe,~~  
12 ~~reliable, affordable, and environmentally sustainable electric~~  
13 ~~service, it is essential that prudent investments continue to be made~~  
14 ~~in all of the following areas:~~

- 15 ~~(1) To protect the integrity of the electric distribution grid.~~  
16 ~~(2) To ensure an adequately sized and trained utility workforce.~~  
17 ~~(3) To ensure cost-effective energy efficiency improvements.~~  
18 ~~(4) To achieve a sustainable supply of renewable energy.~~  
19 ~~(5) To advance public interest research, development and~~  
20 ~~demonstration programs not adequately provided by competitive~~  
21 ~~and regulated markets.~~

22 ~~(d) It is the intent of the Legislature to affirm, without requiring~~  
23 ~~revision, California's doctrine, as reflected in regulatory and~~  
24 ~~judicial decisions, regarding electrical corporations' reasonable~~  
25 ~~opportunity to recover costs and investments associated with their~~  
26 ~~electric distribution grid and the reasonable opportunity to attract~~  
27 ~~capital for investment on reasonable terms.~~

28 ~~(e) The Legislature further finds and declares all of the~~  
29 ~~following:~~

30 ~~(1) Acting under applicable constitutional and statutory~~  
31 ~~authorities, the Public Utilities Commission and the boards of local~~  
32 ~~publicly owned electric utilities have included in regulated~~  
33 ~~electricity prices investments that are essential to maintaining~~  
34 ~~system reliability, reducing California electricity users' bills, and~~  
35 ~~mitigating environmental costs of California users' electricity~~  
36 ~~consumption.~~

37 ~~(2) Among the most important of these "system benefits"~~  
38 ~~investments categories are energy efficiency, renewable energy,~~  
39 ~~and public interest research, development and demonstration~~  
40 ~~(RD&D).~~

1     ~~(3) Energy efficiency investments funded from California's~~  
2 ~~usage-based charges on electricity distribution help improve~~  
3 ~~systemwide reliability by reducing demand in times and areas of~~  
4 ~~system congestion, and at the same time reduce all California~~  
5 ~~electricity users' costs. These investments also significantly reduce~~  
6 ~~environmental costs associated with California's electricity~~  
7 ~~consumption, including, but not limited to, degradation of the~~  
8 ~~state's air, water, and land resources.~~

9     ~~(4) California's in-state renewable energy resources help~~  
10 ~~alleviate supply deficits that could threaten electric system~~  
11 ~~reliability, reduce environmental costs associated with California's~~  
12 ~~electricity consumption, and increase the diversity of the electricity~~  
13 ~~system's fuel mix, reducing electricity users' exposure to fossil-fuel~~  
14 ~~price volatility.~~

15     ~~(5) California's public interest RD&D investments enhance~~  
16 ~~private and regulated sector investment in electricity system~~  
17 ~~technologies, and are designed specifically to help ensure sustained~~  
18 ~~improvement in the economic and environmental performance of~~  
19 ~~the distribution, transmission, and generation and end-use systems~~  
20 ~~that serve California electricity users.~~

21     ~~(6) California has established a long tradition of recovering~~  
22 ~~system benefits investments through usage-based electricity~~  
23 ~~charges, which is reflected in at least two decades of electricity~~  
24 ~~price regulation by the commission, the boards of local publicly~~  
25 ~~owned electric utilities, and the mandate of the Legislature in~~  
26 ~~Chapter 854 of the Statutes of 1996 (Assembly Bill 1890 of the~~  
27 ~~1995-96 Regular Session of the Legislature) and Chapter 905 of~~  
28 ~~the Statutes of 1997 (Senate Bill 90 of the 1997-98 Regular Session~~  
29 ~~of the Legislature).~~

30     ~~(7) Unless the Legislature acts to extend the mandate of this~~  
31 ~~article for minimum levels of usage-based system benefits charges,~~  
32 ~~California electricity users are at substantial risk of higher~~  
33 ~~economic and environmental costs and degraded reliability.~~